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FOREIGN TRADE OF THE PEOPLE'S DEMOCRACIES

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The following excerpts dealing with the issues of foreign trade and its development in the people's democracies are reprinted from the book Vnesnaja trgovlja stran narodnoj demokratii [Foreign Trade of the People's Democracies], 1955, Vnestrizdat.

One of the requisites of a successful buildup of socialism in the people's democracies is an overall development of their political, economic, and cultural cooperation with all countries of the socialist camp. In the economic sphere such cooperation is effected primarily through foreign trade. Mutual exchange of goods among the people's democracies helps build up the socialist economy. In carrying out socialist industrialization and other structural changes, the people's democracies use their local resources to the maximum. Foreign trade complements these resources and thus speeds up the socialist buildup. A positive contribution to the economic development of the people's democracies is also their trade relations with the capitalist states.

The countries of the socialist camp are assisting each other greatly through deliveries of numerous machinery and equipment. The Soviet Union is supplying the people's democracies with a large volume and variety of equipment for heavy industry (metallurgical plants, machine shops, mines, chemical plants, power plants, etc) and for light industry as well. In 1948-1953 Soviet deliveries of industrial

equipment and machinery to the people's democracies increased more than 10-fold. Of special importance to the people's democracies are deliveries of machines and equipment for the newly established machine industry plants which are a decisive element in heavy industry. Machinery and equipment are exported also from Czechoslovakia, the German Democratic Republic, Poland, and other countries.

Thanks to this cooperation the people's democracies achieved great success in the buildup of heavy industry, especially in the production tool output, and initiated production of many new types of machines and equipment. The Chinese People's Republic, for example, with the aid of deliveries from the friendly countries, launched the production of equipment for metallurgical plants, power plants, petroleum industry and locomotive, automobile, tractor and airplane production. The ratio of the production tool output in the total of the Chinese industrial production at the end of 1954 reached 42.3% compared with only 28.8% in 1949.

It is typical that in many cases output of the newly established machine industry reached such a volume in these countries that they currently not only satisfy their own needs but also export certain categories of machinery. For example, Rumania has recently been exporting petroleum industry equipment; in 1954 China exported to different countries, particularly in Asia, machines for tea processing, weaving machines, and other machinery. Bulgaria, formerly an importer of machinery and electric products, now exports electric motors, transformers, telephones, medical electric instruments, calculating and other machines, machine industry products, primarily metal cutting machines, and farm and construction machinery.

Machines and equipment are being imported even to such industrially developed countries as the German Democratic Republic and

the Czechoslovak Republic. Czechoslovakia, which until the revolution had predominantly light industry, accomplished with the help of imported machinery a basic reconstruction of its industry. Imports of machinery to the German Democratic Republic help in overcoming economic difficulties arising from the continuing division of Germany.

Imports of machinery to the people's democracies support in addition to the development of machine and other finished products industries, primarily the growth of mining industry. For example, thanks to the deliveries of mining equipment, there was a substantial increase under the democratic people's administration in petroleum output in Rumania, black coal output in Poland, bauxite output in Hungary, etc.

Deliveries of mining industry machinery from the Soviet Union, Czechoslovakia, and the German Democratic Republic to the people's democracies brought forth an expansion of their raw material base which was developed to satisfy the growing demands of the domestic market and to provide for increased raw material exports.

The industrial development of the people's democracies (especially the priority of heavy industry development) is encouraged by the fact that the industry of these countries is sustained not only by the domestic market but by the entire democratic world market. As a result there is a continuous growth of industrial production in the people's democracies. For example, in Czechoslovakia machine production increased in recent years 4 times. One of the contributing factors to this growth is the steady market for Czechoslovak machinery in the countries of the socialist camp and the

continuously growing demands. Furthermore, machine production for export brings forth technical progress. Soviet orders assisted the Czechoslovak machine industry in achieving a high technical level and made it possible to introduce production of new machine models and mass production of many products.

Continuous expansion of heavy industry in the people's democracies is instrumental in the development of light industry, such as food, textile, shoe industry, etc. Foreign trade helps these countries build up their own machine industry to manufacture light industry equipment and contributes to the development of light industry markets. Of equal importance is the mutual exchange of light industry machinery among individual people's democracies.

The people's democracies are engaging in active trade in light industry commodities. Production capacity of the textile industry in Poland, the shoe industry in Czechoslovakia, and the clothing industry in Hungary considerably exceeds the domestic consumption of these countries. Prospective marketing of these commodities on foreign markets, especially the democratic world market, creates favorable conditions for further development in these industrial fields.

In addition to the socialist industrialization, the most important task of the transition period of the people's democracies is the socialist structural change in agriculture, aimed at change from small individual farming to mechanized large collective farms. Foreign trade supports this process.

The development of heavy industry which, according to V. I. Lenin, is capable of bringing about reorganization even in agriculture, is of great importance to the structural change in agriculture.

in the people's democracies. With the help of deliveries from the Soviet Union and the people's democracies, agricultural mechanization was established in these people's democracies which formerly had not known it.

Imports of tractors, combines, and other farm machinery, supplementing the local production, are of great importance in the strengthening of the technical base which is the decisive factor in agricultural collectivization, especially in China, Bulgaria, Mongolia, and Albania.

The development of agricultural production in the people's democracies is encouraged by the firm market they have for their agricultural products. This market is expanding due to the increased domestic consumption in each country as a result of their rising living standards and due to the broadening of export possibilities. Many people's democracies export considerable quantities of agricultural produce to foreign markets (especially the democratic world market). China, for example, exports soy beans, peanuts, tea, bristles, etc. Bulgaria exports tobacco, rose oil, fruit, and wine.

While contributing to the overall buildup of socialism in the people's democracies, foreign trade also supports the steady rise of living standards. Thanks to foreign trade there is a greater variety of goods available for workers.

For the above reasons foreign trade is important to the people's democracies; its nature however differs basically from the nature of foreign trade in the capitalist countries. In the capitalist states foreign markets and foreign trade are based to a large extent on the profit pursuit by monopolies; the capitalist world market represents

not only a division of international labor but is a sphere for exploitation of one country by the other. In the people's democracies foreign trade is based primarily on the division of labor among the countries of the socialist camp; the democratic world market is a sphere of economic cooperation of equal partners.

The people's democracies, while strengthening their actual economic cooperation, are developing their foreign trade with capitalist countries as a supplementary source to satisfy their needs and as a possible market for their production surplus. The people's democracies and the Soviet Union base their foreign trade and their foreign trade policy on the principle of the long-termed peaceful coexistence of the 2 systems -- socialist and capitalist -- and on the utilitarian economic cooperation between them.

The great founder of the Soviet state, V. I. Lenin, proved scientifically the feasibility and need for cooperation among the nations with different social systems. "There exists a greater force than wishes, will, or decision of any hostile government or class," stated V. I. Lenin, "and that force is represented by world economic relations which force them to establish relations with us" (V. I. Lenin, Soch. [Collected Works], Vol No 33, Page 129 of the Russian edition).

The countries of the socialist camp promote the policy of peace and consistently strive for the development of economic cooperation on the basis of complete equality and respect for national sovereignty and for the development of economic relations with all nations regardless of their social or economic system.

Foreign trade with the people's democracies is of great importance to the capitalist states. Until World War II representa-

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of the 5 capitalist countries -- the US, Germany, Italy, Britain, and France -- amounted to 40-75% in the total of foreign trade with the countries of Central and Southeast Europe. Almost 65% of the Chinese imports were supplied by the US, Japan, Germany, and Britain. Before World War II the countries now belonging to the socialist camp shared 1/10 of the returns in the foreign trade of Britain, France, the US, and 20-25% in returns of foreign trade of Germany, Japan, and Italy.

Trade with the countries of the democratic camp attained greater importance in the capitalist states due to the reduced capitalist world market after World War II. In view of their constant market difficulties capitalist states are interested in trade with the countries of the socialist camp. In addition they need certain exports from these countries.

For the capitalist countries with undeveloped economies trade with the people's democracies is advantageous, since it is conducted on the basis of equality and mutual concessions, because it is helpful to the development and strengthening of their national economies.

The volume of foreign trade increased in the Soviet Union in 1954 compared with 1948 more than 2.2 times; returns of foreign trade in the Chinese People's Republic rose in 1954 compared with 1950 more than twice; returns of foreign trade in the German Democratic Republic increased in 1954 compared with 1950 2.5 times. Foreign trade returns of the European people's democracies increased in 1954 compared with 1948 by 70%; there was a 69% increase in the Polish People's Republic, 35% in the Czechoslovak Republic, 205% in the Hungarian People's Republic, 155% in the Rumanian People's Republic, 100% in the Bulgarian



People's Republic, and 43% in the Albanian People's Republic (Yugoslavian and Albanian figures compared to 1949).

Increase of foreign trade of all countries of the socialist camp was primarily a result of the expansion of their mutual foreign trade. In 1948-1950 the foreign trade of all people's democracies increased about 2.5 times, while returns on the democratic world market, i.e., among these countries only, rose for the same period more than 5 times.

Before World War II, trade with the countries that are now people's democracies amounted to approximately 6% in Soviet foreign trade; in 1949 their share increased to 66%. In recent years the share of the people's democracies in Soviet foreign trade continued to rise and for 1952-1953 reached 80%.

The share of the Soviet Union in the foreign trade of the people's democracies increased compared with prewar years more than 6 times and in 1954 represented about 40%. In 1954 the mutual trade of the countries in the socialist camp amounted to about 75% of foreign trade returns and trade with the capitalist states to about 25%.

Ratio changes in mutual trade of the countries of the socialist camp in recent years are indicated in the following table (in % of total returns).

	1948	1949	1950	1951	1952	1953	1954
China	---	8	26	51	72	75	80
Poland	41	43	59	58	67	70	70
Czechoslovakia	32	46	55	61	71	78	75
German Democratic Republic	---	77	65	75	78	77	75
Hungary	34	40	61	67	71	77	70
Rumania	71	82	83	80	85	84	80
Bulgaria	78	82	89	92	89	86	87

The Albanian People's Republic, the Mongolian People's Republic, and the Korean Democratic People's Republic trade actually only with the countries of the Democratic camp.

The foreign trade structure of the democratic world market reflects socialist industrialization and development of the economies in the people's democracies. Vast natural resources and a high rate of heavy industry development satisfy yearly to a greater extent demands of these countries in production commodities. The structure of the goods exchange reflects a growing ratio of equipment, raw materials, fuels, and finished products, and a decline in ingots and semi-finished products. This process is a result of the structural changes in national economies and their socialist industrialization.

As stated before, until the revolution most of the people's democracies were industrially little developed and their imports were primarily products of light and food industry, luxury articles, semi-finished products, and a variety of raw materials for the light industry; in exports the principal items were raw materials, wood, grain and other agricultural produce.

The situation has now changed fundamentally. The high development rate of socialist industry in the people's democracies and the priority development of heavy industry have brought forth, in exports and imports, an increase of production commodities. For example, the share of the countries of the socialist camp in the imports of the Chinese People's Republic in 1954 amounted to 87%, of which more than 50% represented machinery and equipment. In 1953 and 1954 90-95% of the imports in Polish and Bulgarian People's Republics were machines, equipment, fuels, raw materials, and other

machinery and equipment. The Polish People's Republic in 1954 imported 5 times more machinery and equipment than in 1947; the Bulgarian People's Republic increased for the same period its imports of machinery and equipment about 4 times.

Romania and Bulgaria were formerly agricultural and backward countries; they are now industrial and agricultural countries and they are increasing the yearly exports of machinery and other industrial products. The Rumanian People's Republic exports currently electric motors, farm machinery, cements, and other industrial products which it formerly imported. In the Polish People's Republic the ratio of exported machinery and transportation commodities increased from 3% in 1949 to 15% in 1954. An even greater increase has been noted in the exports of production commodities in the Hungarian People's Republic, the German Democratic Republic, and the Czechoslovak Republic. In 1953-1954 the machine industry provided approximately 35% of total exports of the Hungarian People's Republic, about 40% in the Czechoslovak exports, and about 65% in the exports of the German Democratic Republic.

The people's democracies vigorously support the development of international trade relations with all nations, regardless of their social systems; they contribute to the easing of international tensions and thus assist in preserving and strengthening peace throughout the world.